

Corporate Policy on the Comprehensive Disciplinary Program of the Telefónica Group

Telefónica, S.A.



In order to encourage maximum compliance with internal regulations and their corresponding development processes, Telefonica strengthens its compliance program with the approval of the Policy on the Comprehensive Disciplinary Program (the "Program"), which is applicable not only to those who fail to directly comply with the internal regulations and their development processes, but also to those who encourage, cooperate, or in any way provide assistance to those that do so. The same goes for those that help to prevent or hinder the discovery of such actions (including, where appropriate, through behaviours that involve retaliation), and those that fail to denounce them or do anything to avoid them. Disciplinary action may also be taken against the employee who, intentionally and in bad faith, presents a false allegation or report with the intention of harming another person.

The disciplinary measures which shall comply with the provisions of laws and regulations, collective agreements, collective covenants or similar agreements in each of the countries, may consist inter alia and among other things, of:

1. A written reprimand.
2. Suspension of employment and salary.
3. Dismissal.

Sanctions will be imposed in an objective, proportionate and non-arbitrary manner, and shall be duly substantiated, dated and notified. These disciplinary measures shall be without prejudice to the legal actions which, as the case may be, might be pertinent.

The Disciplinary Action Committee is responsible for ensuring the effective development of the provisions of this Policy in relation to the Comprehensive Disciplinary Program, including providing an adequate response to situations in which there is evidence of an infringement which, in accordance with the provisions of the applicable internal regulations, laws and rules, collective agreements, collective covenants or similar agreements, is subject to punishment. This Committee shall consist of representatives of the corporate units of Compliance, Human Resources, Legal Counsel and Internal Audit. This Committee will be chaired by the Global Compliance Unit, and the Secretary will be the Director of Human Resources or the person that said Director appoints from its team.

The main functions of this Committee are:

- a) Ensure the establishment of disciplinary mechanisms in the Group, according to the principles of objectivity, proportionality, and non-arbitrariness, and propose changes or improvements that make them more effective.
- b) Draw up, whenever deemed appropriate by the Committee, proposals for action or resolution regarding infringements that have been assessed by the Committee.
- c) Follow-up the effective imposition of sanctions in cases of non-compliance.
- d) Propose possible acts of acknowledgement to people or areas in the organization that have shown a remarkable commitment to the ethical and compliance values.
- e) Leave documentary evidence of the decisions adopted by the Committee and report to the Global Compliance Unit regarding cases of non-compliance and the sanctions proposed.

Each situation will be individually considered, analysed and reviewed by the Committee for assessment and, where applicable, the corresponding disciplinary actions will be determined.

Once adopted, where appropriate, a proposal for a resolution by the Disciplinary Action Committee of each company, will correspond to the Director of Human Resources or the competent body of that company, the management of the proceedings leading to the effective imposition of the sanctions that apply, in accordance with the requirements established by the applicable law in each case.